

SENATE BILL 2361
By Atchley

AN ACT to amend the Revenue Bond Law and the Utility District Law to permit certain short-term borrowings.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-34-111, is hereby amended by inserting a new subsection (d) therein and by redesignating the existing subsection (d) and the subsequent subsections accordingly. The new subsection (d) shall be as follows:

(d) The governing body, or any board or commission of a municipality having jurisdiction, control and management of the public works of a municipality, may borrow money in anticipation of the collection of revenues from such public works and issue negotiable notes to evidence such borrowing, the proceeds from the sale of such notes to be used for the purpose of paying the costs of operation of the public works. Any such notes shall be secured solely by a pledge of and lien on the revenues of the public works. Such notes shall be payable not later than one (1) year from their date of issuance and shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the governing body, board or commission issuing same. If revenues of the public works are insufficient to pay all or any portion of such notes at maturity, the notes may be renewed one (1) time for a period not to exceed one (1) year or application may be made to the comptroller of the treasury or the director of the division of local finance, within ten (10) days prior to close of the calendar year for permission to issue funding bonds to cover the unpaid note balances under Tennessee Code Annotated, Title 9, Chapter 11, or as otherwise approved by the comptroller of the treasury or the director of the division of local finance.

SECTION 2. Tennessee Code Annotated, Section 7-82-501, is hereby amended by inserting a new subsection (b) therein and by redesignating the existing subsection (b) and the subsequent subsections and all references thereto accordingly. The new subsection (b) shall be as follows:

(b) Each district may borrow money in anticipation of the collection of revenues from such district or any division of such district and issue negotiable notes to evidence such borrowing, the proceeds from the sale of such notes to be used for the purpose of paying the costs of operation of such district or any division of such district, including the purchase of gas and the payment of costs associated therewith including storage costs and pipeline capacity costs. Any such notes shall be secured solely by a pledge of and lien on all or any part of the revenues of the district or of any division of such district. Such notes shall be payable not later than one (1) year from their date of issuance and shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the district issuing same. If revenues of the district or its division are insufficient to pay all or any portion of such notes at maturity, the notes may be renewed one (1) time for a period not to exceed one (1) year or application may be made to the comptroller of the treasury or the director of the division of local finance, within ten (10) days prior to close of the calendar year for permission to issue funding bonds to cover the unpaid note balances under Tennessee Code Annotated, Title 9, Chapter 11, or as otherwise approved by the comptroller of the treasury or the director of division of local finance.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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